

Message Text

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PAGE 01 PARIS 24932 211932Z

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ACTION COME-00

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TO SECSTATE WASHDC PRIORITY 3395

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UNCLAS PARIS 24932

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: NEW ECONOMIC FORECASTS -- CERP 0101

REF: PARIS A-528 OF JULY 16, 1973

1. NEW ECONOMIC PROJECTIONS FOR FRANCE HAVE BEEN RELEASED
ALONG WITH 1974 BUDGET (SEPTEL). FOLLOWING TABLE SHOWS 1972
RESULTS AND PROJECTIONS OF PERCENTAGE GROWTH AT CONSTANT PRICES:

	1972	1973	1974
GROSS INTERNAL PRODUCT	5.6	6.6	5.5
HOUSEHOLD CONSUMPTION	5.6	5.8	5.6
PLANT AND EQUIPMENT	6.5	8.0	7.0
EXPORTS	12.2	13.6	12.0
IMPORTS	12.8	16.9	12.5

2. MOST NOTABLE CHANGES FROM MOST RECENT FORECASTS (REFAIR) ARE
HIGHER GROWTH RATE FOR GIP IN 1973, AND SUBSTANTIAL UPWARD
REVISION OF GROWTH IN IMPORTS FOR 1973 AND 1974. GIP BY VALUE
FOR 1973 (FROM FORECAST OF REAL GROWTH AND DEFLATOR) IS 13.7
PERCENT.

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PAGE 02 PARIS 24932 211932Z

3. NUMEROUS MEASURES OF INFLATION PROJECTED ARE LISTED BELOW

AS PERCANTAGE INCREASES.	1972	1973	1974
GIP DEFLATOR (YEAR ON YEAR)	5.6	6.7	6.7
RETAIL PRICE INDEX (YEAR ON YEAR)	5.9	7.2	7.2
RETAIL PRICE INDEX (END OF PERIOD)	6.9	7.7	6.7

ALTHOUGH THE YEAR ON YEAR FORECASTS SHOW NO SLOWING OF INFLATION IN 1974, THE END OF YEAR RETAIL PRICE INDEX IS FORECAST TO IMPROVE FROM 7.7 PERCENT IN 1973 TO 6.7 PERCENT IN 1974. FINANCE MINISTER GISCARD D'ESTAING NOTED THAT SLOWDOWN WOULD ACTUALLY BE 2.2 PERCENT BECAUSE, EXCEPT FOR THE VALUE-ADDED TAX REDUCTIONS MADE IN JANUARY 1973, INFLATION RATE WOULD HAVE BEEN 8.9 RATHER THAN 7.7 PERCENT.IRWIN

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